UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF MICHIGAN
SOUTHERN DIVISION

In re	:	Chapter 9
CITY OF DETROIT, MICHIGAN,	:	Case No. 13-53846
Debtor.	:	Hon. ______________

DECLARATION OF GAURAV MALHOTRA IN SUPPORT OF CITY OF DETROIT, MICHIGAN'S STATEMENT OF QUALIFICATIONS PURSUANT TO SECTION 109(c) OF THE BANKRUPTCY CODE

I, Gaurav Malhotra, hereby declare under penalty of perjury pursuant to 28 U.S.C. § 1746 as follows:

1. I am a Principal of Ernst & Young LLP ("EY"), which currently serves as financial restructuring advisor to the City of Detroit ("Detroit" or the "City"), the debtor in the above-captioned chapter 9 case.

2. Contemporaneously with the filing of its petition and this Declaration, the City has filed its: (a) Statement of Qualifications Pursuant to Section 109(c) of the Bankruptcy Code (the "Statement of Qualifications"), certifying that the City satisfies each of the criteria set forth in section 109(c) of title 11 of the United States Code (the "Bankruptcy Code") for determining its eligibility to be a debtor under chapter 9 of the Bankruptcy Code; and

(b) Memorandum of Law in Support of Statement of Qualifications Pursuant to Section 109(c) of the Bankruptcy Code (the "Memorandum of Law"). This Declaration is made in support of the Statement of Qualifications and the Memorandum of Law.

3. Except as otherwise indicated, all statements in this Declaration are based on my personal knowledge and information derived from my involvement in EY's services for the City that are described below. If called to testify, I would be competent to testify to the facts set forth herein.

Education and Experience

4. In 2001, I received a Masters of Business Administration from Case Western Reserve University with a dual major in Finance and Business Policy. I have nearly 14 years of financial and operational restructuring experience. Prior to joining EY in 2009, I was a Director in the restructuring division of Macquarie Capital (USA) Inc., a leading merchant bank. I am a Chartered Financial Analyst and a member of both the Turnaround Management Association and the Association of Insolvency and Restructuring Advisors.

5. I have advised numerous entities, both in the public and private sectors, and stakeholders in evaluating strategic alternatives and executing complex restructuring transactions. I have experience with both in-court and out-of-court restructuring processes, and also have extensive experience in leading

complex negotiations with secured and unsecured creditors on behalf of distressed entities. In addition to assisting in evaluating the impact of restructuring alternatives, I have significant experience in liquidity analyses, cash flow forecasting and business plan development, among other things.

6. Some of my private sector engagements include Liberty Medical Supply, Inc., Schutt Sports, Collins & Aikman Corporation, Delta Air Lines, Inc. and Eagle Picher. In addition, in the public sector, I was involved in the recent restructuring efforts of Detroit Public Schools. These engagements — and many others — involved debt and liquidity analysis, cash forecasting and related projections of revenues and expenses.

Services for the City

7. The City engaged EY in May 2011 to assist the City with liquidity forecasting and related restructuring initiatives. I have led EY's work for the City since that time. EY's services have been focused primarily on the restructuring initiatives impacting the City's general fund.

8. For approximately the first 18 months of EY's engagement by the City, my work was largely focused on assisting the City in (a) conducting a detailed analysis of the City's liquidity outlook under various scenarios, (b) identifying various cost savings measures and (c) developing a short-term tactical plan to preserve liquidity. These efforts involved, among other things:

(a) participating in in-depth negotiations with several of the City's bargaining units; (b) developing and refining a liquidity forecast; and (c) evaluating rolling short-term financial forecasts. Recognizing that some of the cost savings measures might not be accomplished in a timely manner or may not be sufficient to solve the City's problems, my colleagues at EY and I also spent time assisting the City with its evaluation of alternatives to preserve cash.

9. This work on behalf of the City in 2011 and 2012 enabled me to understand the City's liquidity position, revenue sources and cost structure, among other things. EY's scope of services included evaluating the City's funded debt service and legacy costs, as reported by third parties, as well as its ongoing labor cost structure. Provision of these services enabled EY to build a solid foundation from which to begin the process of developing cash flow forecasts and ten-year projections, as described below.

Cash Flow Forecasts and Ten-Year Projections

10. For approximately the past five months, my work for the City has focused on assisting the City in the development of (a) monthly and quarterly cash flow forecasts (collectively, the "Cash Flow Forecasts") and (b) ten-year financial projections for the City under both "steady state" and "restructuring" scenarios (collectively, the "Ten-Year Projections") for the City's general fund. I led the team at EY that assisted in the preparation of the Cash Flow Forecasts and

the Ten-Year Projections, based on information provided by the City and its advisors. As such, I am familiar with the Cash Flow Forecasts and the Ten-Year Projections and the manner in which they were prepared.

11. True and correct copies of current drafts of the Cash Flow Forecasts and Ten-Year Projections are attached as Exhibit A and Exhibit B, respectively. The City may ask EY to update the Cash Flow Forecasts and Ten-Year Projections in the future to address potential developments in the City's operational restructuring initiatives, such as a possible reduction in property tax and income tax rates. The Cash Flow Forecasts and the Ten-Year Projections, therefore, could change materially based on such changes in assumptions.

12. The first step in developing the Cash Flow Forecasts and the Ten-Year Projections was to develop a baseline model for each. The baseline models are "steady state" projections that depict the City's likely financial trajectory in the absence of further restructuring. The baseline models include certain changes and restructuring activities that: (a) already have been implemented, such as most provisions of the City Employment Terms (the "<u>CETs</u>") and the commencement of the outsourcing of payroll processing; (b) are planned to be implemented in the future, having been approved by the City before the March 2013 appointment of Kevyn D. Orr as the emergency manager for the City (the "<u>Emergency Manager</u>"), such as the outsourcing of the operations

and maintenance of the Public Lighting Department to the newly-created Public Lighting Authority; and (c) reflect pension and healthcare cost estimates for future years based on input from advisors to the City other than EY.

13. Not included in the baseline models are the operational restructuring initiatives proposed by the Emergency Manager at the June 14, 2013 meeting with creditors (collectively, the "Operational Restructuring Initiatives").[1] The Operational Restructuring Initiatives include: (a) substantial investment in, and/or the restructuring of, various City departments (e.g., the Detroit Police Department, the Detroit Fire Department (including the Emergency Medical Services Division ("EMS")), the Detroit Department of Transportation, and the Buildings, Safety, Engineering and Environmental Department); (b) substantial investment in the City's blight removal efforts; and (c) substantial investments in upgraded information technology for police, fire, EMS, transportation, grant management, tax collection, budgeting and accounting and the City's court system. See June 14 Creditor Proposal at 61-78.

---

[1] At a meeting in the Detroit area on June 14, 2013, the Emergency Manager presented a proposal that, among things, describes a thorough overhaul and restructuring of the City's operations, finances and capital structure, including the Operational Restructuring Initiatives (the "June 14 Creditor Proposal"). It is my understanding that a copy of the June 14 Creditor Proposal is attached to the Declaration of Kevyn D. Orr in Support of City of Detroit, Michigan's Statement of Qualifications Pursuant to Section 109(c) of the Bankruptcy Code (the "Orr Declaration"), filed contemporaneously herewith, as Exhibit A and is available at www.kccllc.net/Detroit.

14. As described more fully below, EY conducted approximately five months of extensive due diligence and analysis in connection with assisting in the development of the baseline models. As a starting point in the development of the baseline models, EY used the City's publicly-available historical financial data — the Comprehensive Annual Financial Report of the City of Detroit, Michigan for Fiscal Year Ended June 30, 2012, referenced hereafter as the "<u>2012 CAFR</u>" — and other information provided by the City and its other advisors. EY did not audit the City's historical financial data. Rather, EY relied upon the raw data provided by the City, including the underlying data that the City used to prepare the 2012 CAFR and previous financial reports. Relying on the historical data provided to EY by the City, EY sought to understand that data on a granular level. To do so, EY analyzed the financial data and conducted extensive discussions with employees in the City's various departments.

15. To assist in the development of the baseline models, EY analyzed, among other things, (a) the City's historical financial data going back to 2008 and (b) recent trends in the City's finances, with a particular focus on fiscal years 2012 and 2013, as well as recent macroeconomic trends. Based on this information, EY calculated "steady state" projections based on the City's existing operating cost structure (identified in the Cash Flow Forecasts as "Base Case" and in the Ten-Year Projections). As noted above, EY also incorporated into the

baseline models changes and restructuring activities that were approved by City before the appointment of the Emergency Manager.

16. To further assist in projecting future economic trends, EY sought the advice and input of its own internal team members with experience in economic forecasts impacting likely future property and income tax revenues. EY also consulted various City and State employees to determine or confirm certain assumptions. For example, EY consulted with the Director of the Office of Revenue and Tax Analysis for the State of Michigan regarding the amount of distributable state aid ("Distributable State Aid") that the City might expect to receive going forward. EY also consulted with, and relied upon reports by, Milliman, Inc. ("Milliman"), which provides actuarial services to the City, regarding the City's legacy pension and retiree healthcare liabilities. EY used this data gathered from the City and/or its advisors to modify assumptions so that they reflected the most currently available information and data provided by the City and its advisors. The baseline models, therefore, reflect the City's projected financial outlook based on the data provided by the City and its advisors as described in paragraphs 13 through 16, *supra.*

17. EY also assisted the City in the development of cash flow forecasts and projections that include the Operational Restructuring Initiatives (identified in the Cash Flow Forecasts and Ten-Year Projections as

the "Restructuring Scenario"). To do so, EY primarily relied on work performed by Conway MacKenzie, Inc. ("Conway"), the City's operational restructuring advisor. Conway prepared a detailed department-by-department review of the City's operations, infrastructure and needed investments. This work, completed in consultation with the Emergency Manager and the City's other advisors, resulted in a detailed plan for operational restructuring initiatives and investments (e.g., the Operational Restructuring Initiatives). As noted above, these Operational Restructuring Initiatives were adopted by the Emergency Manager as part of his overall restructuring plan for the City. Conway provided EY with the expenditures necessary to implement the Operational Restructuring Initiatives (identified in the Cash Flow Forecasts and Ten-Year Projections as "Reinvestment expenditures/adjustments").

18. EY layered the Reinvestment expenditures/adjustments into the baseline models to project the City's financial position assuming the implementation of the Operational Restructuring Initiatives. EY also incorporated into the model: (a) certain potential costs estimated by EY as being needed to fund a new defined contribution pension plan; (b) decommissioning costs related to the Public Lighting Department; (c) the costs related to satisfy the City's secured debt and other secured obligations as defined by the City and its advisors; and (d) other restructuring costs. EY also considered potential increases in tax revenues

attributable to higher growth. In the Ten-Year Projections, EY calculated the amount of funds that would be available to unsecured creditors after making the necessary reinvestment expenditures and making payments to secured creditors.

19. The Ten-Year Projections demonstrate that, absent additional sources of revenue, the City's expected revenues could fall significantly short of the levels required to fund the City's operations (including the Operational Restructuring Initiatives) and fully satisfy its liabilities.

20. The City had negative cash flows of $115.5 million for the fiscal year ended June 30, 2012, excluding the impact of proceeds from short-term borrowings. While the City experienced positive cash flow in fiscal year 2013 of $31.5 million (excluding the impact of borrowings), as of June 30, 2013 the City had cumulative deferrals of nearly $160 million including a missed debt service payment of $39.7 million and over $100 million of deferred pension contributions relating to both fiscal years 2012 and 2013.

21. At the end of June 2013, the City had approximately $71.3 million in cash on hand before estimated required property tax distributions and $36.0 million net of such distributions. As a result of the $129.5 million refunding bond transaction in fiscal year 2013, $71.7 million remains in an escrow account that can be accessed only with State approval. Absent additional sources of revenue and/or restructuring, the City is projecting to have cash flows of

negative $198.5 million for the fiscal year ending June 30, 2014, and negative $260.4 million for the fiscal year ending June 30, 2015.

22. The Base Case projections reflect that the City could have a cash shortfall (after required distributions) of $11.6 million as early as December 2013. That is, the Base Case projections show that the City is expected to run out of available cash during the current calendar year. The Base Case projections also reflect that, absent restructuring, the City could face a cash shortfall (after required distributions) of $143.3 million as of the end of fiscal year 2014, and $404.5 million as of the end of fiscal year 2015. Including the City's accumulated payment deferrals in the foregoing totals would result in cash shortfall of $300.6 million as of the end of fiscal year 2014 and $568.7 million as of the end of fiscal year 2015.

23. Including the effect of recent debt issuances, the City's accumulated general fund deficit was approximately $327 million as of the end of fiscal year 2012. Excluding the effect of the $75 million debt issuance in fiscal year 2008 and the $250 million debt issuance in fiscal year 2010, the City's accumulated general fund deficit would have been approximately $650 million as of the end of the 2012 fiscal year. Based on the City's preliminary estimate of fiscal year 2013 results, it is estimated that, excluding the effect of the $75 million debt issuance in fiscal year 2008, the $250 million debt issuance in fiscal year 2010

and the $129.5 million debt issuance in fiscal year 2013, the City's accumulated general fund deficit would have been approximately $700 million as of the end of the 2013 fiscal year. The Ten-Year Projections reflect that, at the City's current run rate and with no material changes to the estimated revenues or other data used in the projections, the City's accumulated deficit could grow to approximately $1.35 billion by fiscal year end 2017.

24. As set forth in the Ten-Year Projections, the City's wagering tax revenues are projected to remain steady at approximately $170 million to $180 million annually for the next ten years, which is similar to the City's gaming tax receipts for the past five years.

25. Debt service for the City's general fund — including payments related to limited and unlimited tax general obligation debt, obligations related to the City's pension-related certificates of participation, pension contributions and retiree benefit obligations — was $461.6 million for fiscal year 2012, and $477.3 million in fiscal year 2013. During fiscal year 2012, more than 38% of the City's actual revenue was consumed servicing the City's legacy liabilities. In the 2013 fiscal year, expenditures related to these obligations consumed 42.5% of the City's revenues and, without adjustment, this number is expected to grow to almost 65% by 2017, as demonstrated by the table attached as Exhibit C.

26. Based on the City's actual and projected cash flows for fiscal years 2012, 2013 and 2014 — which take into account concessions already made by certain creditor constituencies, such as significant reductions in the labor force and other employment savings imposed by the CETs — additional concessions and significant restructuring of the City's legacy costs may be required to make the City cash flow positive without additional deferrals or new revenue sources.

Significant Indebtedness

27. In evaluating the City's financial circumstances and completing the work described above over the past two years, EY has become familiar with the City's debt structure, legacy liabilities and other obligations, an overview of which is provided below as stated in the 2012 CAFR.

28. As of June 30, 2012, per the 2012 CAFR, the City reported overall primary governmental balance sheet liabilities of approximately $10.7 billion.[2] The City's off-balance sheet liabilities — i.e., liabilities for unfunded actuarially accrued pension liabilities and other post-employment benefit ("OPEB") liabilities — are nearly equal to the balance sheet liabilities described above. As of June 30, 2011 (the most recent actuarial valuation date), utilizing the actuarial data provided by the pension trusts' actuary, the City's reported pension

[2] 2012 CAFR at p. 41.

unfunded actuarial accrued liabilities ("UAAL") were $643.8 million[3] and its OPEB UAAL totaled in excess of $5.7 billion.[4]

29. Because the City does not yet have audited financial results for the 2013 fiscal year, the following discussion of the City's indebtedness focuses on fiscal year 2012 and is based largely on information contained in the 2012 CAFR.

Long-Term Debt Obligations

30. Special Revenue Obligations. The City has issued various series of bonds (collectively, the "Revenue Bonds"), each of which is payable from the net revenues of the City's (a) sewer system (the "Sewer System"), (b) water supply system (the "Water System") or (c) system of parking facilities (the "Parking System").[5] In addition, the City has received various loans from the State of Michigan Revolving Fund Loan Program (collectively, the "State Revolving Loans"), the proceeds of which were used to pay acquisition costs, obtain contracting extensions and make certain necessary repairs and improvements to the Sewer System and the Water System.[6]

31. As of June 30, 2012, the end of the City's 2012 fiscal year, the City had approximately $2.86 billion in aggregate principal amount of Revenue

3 2012 CAFR at p. 124.

4 2012 CAFR at p. 127.

5 2012 CAFR at pp. 106-07.

6 2012 CAFR at pp. 106-07.

Bonds outstanding with respect to the Sewer System, with interest rates of up to 7.50% (in addition to certain variable rate bonds) and maturities through July 1, 2039.[7] In addition, the City had approximately $508.2 million in State Revolving Loans outstanding as of that date related to the Sewer System.[8] A schedule identifying each issuance of Sewer System's Revenue Bonds and related State Revolving Loans (and the applicable amount, interest rate, maturity date and balance for each instrument) is attached as Exhibit D.

32. With respect to the Water System, the City had approximately $2.56 billion in aggregate principal amount of Revenue Bonds outstanding as of the end of fiscal year 2012 with interest rates of up to 7.00% (in addition to certain variable rate bonds) and maturities through July 1, 2041.[9] In addition, the City had approximately $22.95 million in State Revolving Loans outstanding as of that date related to the Water System.[10] A schedule identifying each issuance of Water System's Revenue Bonds and related State Revolving Loans (and the applicable amount, interest rate, maturity date and balance for each instrument) is attached as Exhibit E.

---

[7] 2012 CAFR at p. 108.

[8] 2012 CAFR at p. 109.

[9] 2012 CAFR at p. 110.

[10] 2012 CAFR at p. 110.

33. With respect to the Parking System, the City had approximately $10.47 million in Revenue Bonds outstanding as of the end of fiscal year 2012 with interest rates of up to 5.125% and maturities through July 1, 2019.[11]

34. In total, as of June 30, 2012, the City had approximately $5.96 billion in aggregate principal amount of Revenue Bonds and related State Revolving Loans outstanding. A schedule describing the annual debt service on the Revenue Bonds is attached as Exhibit F.

35. Certificate of Participation Obligations and Related Swap Liabilities. It is my understanding from the City that in 2005 and 2006, the City entered into a series of financing transactions to fund the UAAL related to each of its two retirement systems — the General Retirement System (the "GRS") and the Police and Fire Retirement System (the "PFRS" and, together with the GRS, the "Systems") — through arranging for the issuance of certificates of participation supported by services contracts between the City and each of the General Retirement System Service Corporation and the Police and Fire Retirement System Service Corporation (the "Service Corporations").[12]

---

11 2012 CAFR at p. 111.

12 2012 CAFR at p. 111.

36. As of the end of fiscal year 2012, the aggregate outstanding amount of such certificates approximated $1.45 billion and, by series, are as follows:

- Series 2005-A in the aggregate amount of $503,365,000 bearing interest at 4.50-4.95% (the "2005 COPs");
- Series 2006-A in the aggregate amount of $148,540,000 bearing interest at 5.989% (the "2006-A COPs"); and
- Series 2006-B in the aggregate amount of $800,000,000 bearing interest at a floating rate (the "2006-B COPs" and, together with the 2006-A COPs, the "2006 COPs", and the 2006 COPS together with the 2005 COPs, the "COPs").[13]

37. It is my understanding that concurrently with the issuance of the 2006-B COPs, the Service Corporations entered into various pay-fixed, receive-variable interest rate swap transactions under eight separate 1992 ISDA Master Agreements (Local Currency Single Jurisdiction) (collectively, the "Swap Contracts") with either (a) UBS AG or (b) SBS Financial Products Company LLC ("SBS"), with Merrill Lynch Capital Services, Inc. as credit support provider to SBS, with an aggregate notional amount equal to the outstanding amount of the 2006-B COPS, or $800 million.[14] A recent marked-to-market valuation provided by a third party provider of valuation services for financial products estimated the

---

[13] 2012 CAFR at p. 118.

[14] 2012 CAFR at p. 119.

negative net value of the Swap Contracts at approximately $296.5 million as of June 28, 2013.

38. A schedule of the COPs (identifying applicable interest rates, maturity dates, balances and insurers) and the Swap Contracts (identifying notional amount, fixed rate paid, rate received, fair value, termination dates and maturity dates) is attached as Exhibit G. A schedule describing the annual debt service on the COPs and Swap Contracts is attached as Exhibit H. As set forth in Exhibit H, approximately $45 million will be owed each year for the next ten years for debt service on the Swap Contracts based on current interest rates. It is my understanding that the Orr Declaration contains additional detail regarding the COPs and Swap Contracts.

39. Unlimited Tax General Obligation Bonds. As of the end of fiscal year 2012, the City had outstanding unlimited tax general obligation bonds (collectively, the "UTGO Bonds") in the aggregate principal amount of approximately $510.83 million.[15] Of this amount, $100 million is secured by a second lien on Distributable State Aid.[16] A schedule of the UTGO Bonds (identifying, for each issuance, the amount issued, applicable interest rate, maturity date, current balance and insurer, if any) is attached as Exhibit I.

---

[15] 2012 CAFR at p. 105.

[16] 2012 CAFR at p. 105.

40. Limited Tax General Obligation Bonds. As of the end of fiscal year 2012, the City had outstanding limited tax general obligation bonds (collectively, the "LTGO Bonds") in the aggregate principal amount of approximately $446.3 million.[17] Of this amount, approximately $249.8 million is secured by a first lien, and approximately $129.5 million by a third lien, on Distributable State Aid.[18] A schedule of the LTGO Bonds (identifying, for each issuance, the amount issued, applicable interest rate, maturity date, current balance and insurer, if any) is attached as Exhibit J.

41. Long-Term Notes and Loans Payable. The City has issued installment notes and loans to provide funds for various public improvement projects.[19] As of the end of fiscal year 2012, the City had approximately (a) $89.4 million in notes payable, which were issued in connection with the "Section 108" HUD Loan Guarantee Program and are secured by future block grant revenues, and (b) $34.2 million in loans payable.[20] Included in this latter amount is approximately $33.6 million in proceeds of a loan provided by the Downtown Development Authority, a discretely presented component unit, which loan is unsecured, bears no interest and is scheduled to be repaid by the City as and

---

[17] 2012 CAFR at p. 106.

[18] 2012 CAFR at pp. 9, 106.

[19] 2012 CAFR at p. 112.

[20] 2012 CAFR at p. 112.

when general operating funds become available.[21] A schedule describing the annual debt service on the City's general obligation bonds and notes and loans payable (and other liabilities) is attached as Exhibit K.

42. Health Benefit Liabilities. It is my understanding that the City's post-employment benefit (OPEB) obligations arise from over 20 different program options (15 different options alone for medical and prescription benefits) having varying structures and terms that are available under the City's Employee Health and Life Insurance Benefit Plan (the "Benefit Plan").[22] As of June 30, 2011, the most recent actuarial valuation available, there were 19,389 retirees eligible to receive coverage under the Benefit Plan.[23]

43. The City's obligations under the Benefit Plan are financed on a pay-as-you-go basis.[24] As of June 30, 2011, the entirety of the actuarially accrued liability for all City employees and retirees of approximately $5.72 billion was

---

21 2012 CAFR at p. 112.

22 2012 CAFR at p. 124.

23 2012 CAFR at p. 125.

24 2012 CAFR at p. 126.

unfunded on an actuarial basis.[25] The City's UAAL for OPEB liabilities increased by nearly $1 billion between June 30, 2007, and June 30, 2011.[26]

44. In addition to the Benefit Plan, the City also offers a pre-funded, single-employer, defined benefit plan providing death benefits based upon an employee's years of creditable service (the "Supplemental Death Benefit Plan").[27] As of June 30, 2011 (the most recent actuarial valuation available), actuarially accrued liabilities under the Supplemental Death Benefit Plan totaled approximately $34.6 million, 74.3% of which is funded.[28] UAAL under the Supplemental Death Benefit Plan is approximately $8.9 million.[29]

Other Liabilities

45. In addition to the foregoing obligations, as of the end of fiscal year 2012, the City owed approximately 264.6 million in other liabilities, including, among other things: (a) $101.2 million in accrued compensated absences, including unpaid accumulated vacation and sick leave balances; (b) $86.5 million in accrued workers' compensation for which the City is

---

25 2012 CAFR at p. 127.

26 2012 CAFR at p. 127; Comprehensive Annual Financial Report of the City of Detroit, Michigan for Fiscal Year Ended June 30, 2008, at p. 133.

27 2012 CAFR at p. 127.

28 2012 CAFR at p. 127.

29 2012 CAFR at p. 127.

self-insured; and (c) $63.9 million in claims and judgments, including lawsuits and claims other than workers' compensation claims.[30]

Significant Labor Cost Reductions
<u>& Changes in Restrictive Employment Terms</u>

46. The City has reduced its active labor costs over the last two years through a combination of (a) layoffs, (b) attrition, (c) salary reductions, (d) furlough days, (e) medical plan design changes, (f) pension plan changes and (g) changes in employment terms. The City's active labor work force has decreased from approximately 11,824 employees in June 2011 to approximately 9,591 employees in June 2013. The City has also implemented a 10% reduction in wages to majority of the workforce in addition to budgeted furlough days of 10% to majority of the non-uniform employees. Medical and prescription drug plan designs have been changed to reduce the costs associated with healthcare and increase the percentage of contributions from active employees. The City has made additional changes to pension provisions to reduce the future pension benefits by changing variables, such as pension multipliers and cost of living adjustment calculations. In addition, the City has made changes to employment terms to reduce employee overtime costs. Despite these changes, the City's disbursements continue to exceed receipts after taking into account the costs

---

30 2012 CAFR at pp. 100-04.

associated with legacy liabilities such as pension, retiree healthcare and debt service.

I, the undersigned, declare under penalty of perjury that the foregoing is true and correct.

Executed on July 18, 2013 By: /s/Gaurav Malhotra
Gaurav Malhotra
Principal
Ernst & Young LLP

EXHIBIT A

Cash Flow Forecasts

General Fund

Annual Cash Flow Summary

$ in millions	Actual FY 2012	Preliminary FY 2013	Forecast FY 2014	Forecast FY 2015
Operating Receipts				
Property taxes	$ 567.0	$ 518.2	$ 468.4	$ 444.2
Income & utility taxes	276.2	290.1	294.7	292.3
Gaming taxes	177.5	169.5	170.0	168.3
Municipal service fee to casinos	19.8	17.4	17.4	17.4
State revenue sharing	194.3	178.9	184.3	186.1
Other receipts	480.8	375.3	335.9	318.0
Total operating receipts	**1,715.5**	**1,549.3**	**1,470.6**	**1,426.3**
Operating Disbursements				
Payroll, taxes, & deductions	(454.2)	(374.0)	(345.6)	(354.2)
Benefits	(203.4)	(192.1)	(178.6)	(190.7)
Pension contributions	(103.9)	(30.8)	(175.9)	(205.5)
Subsidy payments	(50.0)	(31.4)	(75.6)	(84.0)
Distributions (w/o DDA increment)	(374.4)	(332.3)	(310.0)	(294.0)
DDA increment distributions	(8.6)	(12.1)	(9.0)	(9.0)
Income tax refunds	(16.9)	(19.1)	(17.0)	(17.0)
A/P and other	(477.5)	(408.0)	(393.2)	(378.1)
Sub-total operating disbursements	(1,688.9)	(1,399.7)	(1,504.9)	(1,532.5)
POC and debt related payments	(142.1)	(118.1)	(164.2)	(154.2)
Total disbursements	**(1,831.0)**	**(1,517.9)**	**(1,669.1)**	**(1,686.7)**
Net cash flow before borrowings	**(115.5)**	**31.5**	**(198.5)**	**(260.4)**
Short term borrowings	50.0	10.0	20.0	-
Net cash flow	**(65.5)**	**41.5**	**(178.5)**	**(260.4)**
Beginning cash balance	95.3	29.8	71.3	(107.2)
Net cash flow	(65.5)	41.5	(178.5)	(260.4)
Cash before required distributions	**$ 29.8**	**$ 71.3**	**$ (107.2)**	**$ (367.6)**
Accumulated property tax distributions	(27.9)	(35.3)	(36.1)	(36.9)
Cash net of distributions	**$ 1.9**	**$ 36.0**	**$ (143.3)**	**$ (404.5)**
Memo:				
Accumulated deferrals	(64.4)	(118.7)	(117.6)	(124.4)
Missed COP payment 6/14/13	-	(39.7)	(39.7)	(39.7)
Refunding bond proceeds in escrow	28.6	71.7	51.7	51.7
Reimbursements owed to other funds	tbd	tbd	tbd	tbd

Monthly Cash Flow Forecast FY 2014 - Base Case

$ in millions

	Forecast Jul-13	Forecast Aug-13	Forecast Sep-13	Forecast Oct-13	Forecast Nov-13	Forecast Dec-13	Forecast Jan-14	Forecast Feb-14	Forecast Mar-14	Forecast Apr-14	Forecast May-14	Forecast Jun-14	Forecast **FY 2014**
Operating Receipts													
Property taxes	$ 38.8	$ 170.9	$ 13.4	$ 6.8	$ 3.2	$ 22.1	$ 142.7	$ 21.3	$ 4.9	$ 1.4	$ 2.6	$ 40.3	$ 468.4
Income & utility taxes	28.7	22.7	22.3	28.3	22.7	22.3	28.3	23.5	22.7	28.3	22.3	22.7	294.7
Gaming taxes	14.6	14.1	8.9	23.1	10.4	9.4	22.1	9.9	15.1	17.4	13.2	11.8	170.0
Municipal service fee to casinos	-	7.6	-	-	4.0	4.0	1.8	-	-	-	-	-	17.4
State revenue sharing	30.7	-	30.7	-	30.7	-	30.7	-	30.7	-	30.7	-	184.3
Other receipts	27.2	25.8	25.9	32.9	26.3	25.9	32.9	27.1	26.3	32.9	25.9	26.3	335.9
Refinancing proceeds	20.0	-	-	-	-	-	-	-	-	-	-	-	20.0
Total operating receipts	**160.1**	**241.2**	**101.2**	**91.1**	**97.3**	**83.7**	**258.6**	**81.8**	**99.7**	**80.1**	**94.7**	**101.1**	**1,490.6**
Operating Disbursements													
Payroll, taxes, & deductions	(31.0)	(26.6)	(26.6)	(35.5)	(26.6)	(26.6)	(31.0)	(26.6)	(26.6)	(35.5)	(26.6)	(26.6)	(345.6)
Benefits	(15.5)	(15.5)	(15.5)	(15.5)	(15.5)	(15.5)	(15.5)	(14.0)	(14.0)	(14.0)	(14.0)	(14.0)	(178.6)
Pension contributions	(14.7)	(14.7)	(14.7)	(14.7)	(14.7)	(14.7)	(14.7)	(14.7)	(14.7)	(14.7)	(14.7)	(14.7)	(175.9)
Subsidy payments	(7.6)	(5.0)	(6.3)	(6.3)	(6.3)	(6.3)	(6.3)	(6.3)	(6.3)	(6.3)	(6.3)	(6.3)	(75.6)
Distributions - tax authorities	(15.7)	(77.3)	(42.3)	(6.0)	(1.1)	(1.4)	(60.6)	(22.2)	(17.4)	(1.8)	-	(7.2)	(253.1)
Distributions - UTGO	-	(12.0)	-	-	-	-	-	-	(44.9)	-	-	-	(56.9)
Distributions - DDA increment	-	-	-	-	-	(8.0)	-	-	-	-	-	(1.0)	(9.0)
Income tax refunds	(2.2)	(2.4)	(0.5)	(0.3)	(1.3)	(0.9)	(0.5)	(0.2)	(0.3)	(2.1)	(1.1)	(5.0)	(17.0)
A/P and other miscellaneous	(36.3)	(37.9)	(29.3)	(37.1)	(30.1)	(25.6)	(40.8)	(23.0)	(33.5)	(39.7)	(30.0)	(30.0)	(393.2)
Sub-total operating disbursements	(122.9)	(191.4)	(135.1)	(115.4)	(95.5)	(98.9)	(169.3)	(107.0)	(157.8)	(114.1)	(92.7)	(104.8)	(1,504.9)
POC and debt related payments	(7.4)	(4.2)	(5.8)	(8.5)	(7.3)	(15.4)	(7.3)	(4.2)	(5.7)	(51.9)	(7.3)	(39.1)	(164.2)
Total disbursements	**(130.2)**	**(195.6)**	**(140.9)**	**(123.8)**	**(102.9)**	**(114.3)**	**(176.7)**	**(111.2)**	**(163.6)**	**(166.0)**	**(100.0)**	**(143.9)**	**(1,669.1)**
Net cash flow	**29.8**	**45.5**	**(39.7)**	**(32.7)**	**(5.5)**	**(30.6)**	**81.9**	**(29.4)**	**(63.9)**	**(86.0)**	**(5.3)**	**(42.8)**	**(178.5)**
Cumulative net cash flow	29.8	75.4	35.7	3.0	(2.5)	(33.1)	48.8	19.4	(44.4)	(130.4)	(135.7)	(178.5)	
Beginning cash balance	71.3	101.2	146.7	107.0	74.3	68.8	38.2	120.1	90.7	26.9	(59.1)	(64.4)	71.3
Net cash flow	29.8	45.5	(39.7)	(32.7)	(5.5)	(30.6)	81.9	(29.4)	(63.9)	(86.0)	(5.3)	(42.8)	(178.5)
Cash before required distributions	**$ 101.2**	**$ 146.7**	**$ 107.0**	**$ 74.3**	**$ 68.8**	**$ 38.2**	**$ 120.1**	**$ 90.7**	**$ 26.9**	**$ (59.1)**	**$ (64.4)**	**$ (107.2)**	**$ (107.2)**
Accumulated property tax distribution	(45.2)	(68.7)	(35.2)	(33.7)	(34.7)	(49.8)	(97.1)	(92.0)	(33.6)	(32.9)	(35.0)	(36.1)	(36.1)
Cash net of distributions	**$ 55.9**	**$ 78.0**	**$ 71.8**	**$ 40.7**	**$ 34.1**	**$ (11.6)**	**$ 23.0**	**$ (1.3)**	**$ (6.7)**	**$ (92.0)**	**$ (99.3)**	**$ (143.3)**	**$ (143.3)**
Memo:													
Accumulated deferrals	(119.3)	(112.4)	(112.8)	(113.5)	(113.9)	(114.4)	(115.0)	(115.5)	(116.0)	(116.6)	(117.1)	(117.6)	(117.6)
Missed COP payment 6/14/13	(39.7)	(39.7)	(39.7)	(39.7)	(39.7)	(39.7)	(39.7)	(39.7)	(39.7)	(39.7)	(39.7)	(39.7)	(39.7)
Refunding bond proceeds in escrow	51.7	51.7	51.7	51.7	51.7	51.7	51.7	51.7	51.7	51.7	51.7	51.7	51.7
Reimbursements owed to other funds	tbd	tbd	tbd	tbd	tbd	tbd	tbd	tbd	tbd	tbd	tbd	tbd	tbd

Monthly Cash Flow Forecast FY 2015 - Base Case

$ in millions

	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15	**FY 2015**
Operating Receipts													
Property taxes	$ 36.8	$ 162.1	$ 12.7	$ 6.4	$ 3.1	$ 21.0	$ 135.3	$ 20.2	$ 4.7	$ 1.3	$ 2.5	$ 38.2	$ 444.2
Income & utility taxes	28.5	22.5	22.1	28.1	22.5	22.1	28.1	23.3	22.5	28.1	22.1	22.5	292.3
Gaming taxes	14.5	14.0	8.9	22.8	10.3	9.3	21.9	9.8	14.9	17.2	13.1	11.7	168.3
Municipal service fee to casinos	-	7.6	-	-	4.0	4.0	1.8	-	-	-	-	-	17.4
State revenue sharing	31.0	-	31.0	-	31.0	-	31.0	-	31.0	-	31.0	-	186.1
Other receipts	25.8	24.4	24.5	31.2	24.9	24.5	31.2	25.7	24.9	31.2	24.5	24.9	318.0
Refinancing proceeds	-	-	-	-	-	-	-	-	-	-	-	-	-
Total operating receipts	**136.6**	**230.6**	**99.2**	**88.6**	**95.8**	**80.9**	**249.3**	**79.1**	**98.0**	**77.8**	**93.2**	**97.3**	**1,426.3**
Operating Disbursements													
Payroll, taxes, & deductions	(31.7)	(27.2)	(27.2)	(36.4)	(27.2)	(27.2)	(31.7)	(27.2)	(27.2)	(36.4)	(27.2)	(27.2)	(354.2)
Benefits	(15.9)	(15.9)	(15.9)	(15.9)	(15.9)	(15.9)	(15.9)	(15.9)	(15.9)	(15.9)	(15.9)	(15.9)	(190.7)
Pension contributions	(17.1)	(17.1)	(17.1)	(17.1)	(17.1)	(17.1)	(17.1)	(17.1)	(17.1)	(17.1)	(17.1)	(17.1)	(205.5)
Subsidy payments	(8.4)	(5.6)	(7.0)	(7.0)	(7.0)	(7.0)	(7.0)	(7.0)	(7.0)	(7.0)	(7.0)	(7.0)	(84.0)
Distributions - tax authorities	(14.9)	(74.7)	(40.1)	(5.7)	(1.0)	(1.3)	(57.5)	(21.0)	(16.4)	(1.7)	-	(6.8)	(241.2)
Distributions - UTGO	-	(10.0)	-	-	-	-	-	-	(42.7)	-	-	-	(52.7)
Distributions - DDA increment	-	-	-	-	-	(8.0)	-	-	-	-	-	(1.0)	(9.0)
Income tax refunds	(2.2)	(2.4)	(0.5)	(0.3)	(1.3)	(0.9)	(0.5)	(0.2)	(0.3)	(2.1)	(1.1)	(5.0)	(17.0)
A/P and other miscellaneous	(35.6)	(29.5)	(28.7)	(36.4)	(29.5)	(29.5)	(35.6)	(29.5)	(29.5)	(35.6)	(29.5)	(29.5)	(378.1)
Sub-total operating disbursements	(125.8)	(182.5)	(136.6)	(118.8)	(99.1)	(106.9)	(165.3)	(118.0)	(156.2)	(115.8)	(97.8)	(109.6)	(1,532.5)
POC and debt related payments	(9.1)	(4.2)	(7.6)	(7.0)	(9.1)	(14.9)	(9.1)	(4.2)	(7.5)	(31.1)	(9.1)	(41.4)	(154.2)
Total disbursements	**(134.9)**	**(186.7)**	**(144.1)**	**(125.8)**	**(108.2)**	**(121.8)**	**(174.4)**	**(122.2)**	**(163.7)**	**(146.9)**	**(106.9)**	**(151.0)**	**(1,686.7)**
Net cash flow	**1.7**	**43.9**	**(45.0)**	**(37.2)**	**(12.5)**	**(40.9)**	**74.9**	**(43.1)**	**(65.7)**	**(69.1)**	**(13.7)**	**(53.7)**	**(260.4)**
Cumulative net cash flow	1.7	45.6	0.6	(36.6)	(49.1)	(90.0)	(15.1)	(58.3)	(124.0)	(193.0)	(206.7)	(260.4)	
Beginning cash balance	(107.2)	(105.5)	(61.6)	(106.6)	(143.8)	(156.3)	(197.2)	(122.3)	(165.4)	(231.1)	(300.2)	(313.9)	(107.2)
Net cash flow	1.7	43.9	(45.0)	(37.2)	(12.5)	(40.9)	74.9	(43.1)	(65.7)	(69.1)	(13.7)	(53.7)	(260.4)
Cash before required distributions	**$ (105.5)**	**$ (61.6)**	**$ (106.6)**	**$ (143.8)**	**$ (156.3)**	**$ (197.2)**	**$ (122.3)**	**$ (165.4)**	**$ (231.1)**	**$ (300.2)**	**$ (313.9)**	**$ (367.6)**	**$ (367.6)**
Accumulated property tax distribution	(45.5)	(67.8)	(36.0)	(34.5)	(35.5)	(49.9)	(94.7)	(89.9)	(34.5)	(33.8)	(35.8)	(36.9)	(36.9)
Cash net of distributions	**$ (151.0)**	**$ (129.4)**	**$ (142.6)**	**$ (178.3)**	**$ (191.8)**	**$ (247.1)**	**$ (217.0)**	**$ (255.3)**	**$ (265.6)**	**$ (334.0)**	**$ (349.7)**	**$ (404.5)**	**$ (404.5)**
Memo:													
Accumulated deferrals	(118.2)	(118.8)	(119.3)	(119.9)	(120.5)	(121.0)	(121.6)	(122.2)	(122.7)	(123.3)	(123.9)	(124.4)	(124.4)
Missed COP payment 6/14/13	(39.7)	(39.7)	(39.7)	(39.7)	(39.7)	(39.7)	(39.7)	(39.7)	(39.7)	(39.7)	(39.7)	(39.7)	(39.7)
Refunding bond proceeds in escrow	51.7	51.7	51.7	51.7	51.7	51.7	51.7	51.7	51.7	51.7	51.7	51.7	51.7
Reimbursements owed to other funds	tbd	tbd	tbd	tbd	tbd	tbd	tbd	tbd	tbd	tbd	tbd	tbd	tbd

EXHIBIT B

Ten-Year Projections

($ in millions)	Preliminary forecast										10-year
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	total
Revenues											
Municipal income tax	$ 243.4	$ 247.3	$ 249.0	$ 250.7	$ 252.4	$ 254.0	$ 255.6	$ 257.8	$ 260.9	$ 264.0	$ 2,535.0
State revenue sharing	184.3	186.1	187.9	189.5	191.2	193.0	194.8	188.3	190.0	191.7	1,896.4
Wagering taxes	170.0	168.3	170.0	171.7	173.4	175.1	176.9	178.7	180.4	182.2	1,746.7
Sales and charges for services	124.8	119.4	118.2	117.0	115.7	114.5	113.4	112.3	113.2	114.2	1,162.6
Property taxes	118.4	110.2	105.7	100.8	100.5	99.6	99.7	100.2	100.8	102.1	1,038.0
Utility users' and other taxes	47.2	40.9	40.9	41.3	41.7	42.1	42.5	43.0	43.4	43.8	426.8
Other revenue	75.6	55.8	55.8	55.9	55.9	56.0	56.0	56.0	56.1	56.1	579.2
General Fund reimbursements	30.3	30.3	30.3	30.3	30.3	30.3	30.3	30.3	30.3	30.3	302.6
Transfers in (UTGO millage & non-General Fund POCs)	89.0	87.9	83.8	84.4	83.9	81.2	80.6	80.0	65.0	61.2	797.1
Total revenues	1,082.8	1,046.2	1,041.5	1,041.4	1,045.0	1,045.7	1,049.8	1,046.3	1,040.1	1,045.7	10,484.5
Expenditures											
Salaries/overtime/fringe	(341.5)	(341.9)	(346.4)	(352.5)	(358.8)	(365.1)	(371.4)	(378.4)	(386.0)	(393.7)	(3,635.7)
Health benefits - active	(51.2)	(54.0)	(57.4)	(61.0)	(64.5)	(67.9)	(71.2)	(74.6)	(78.4)	(82.3)	(662.5)
Other operating expenses	(292.9)	(288.2)	(295.9)	(301.5)	(309.7)	(313.5)	(320.0)	(326.5)	(335.3)	(339.7)	(3,123.2)
Operating expenditures	(685.7)	(684.1)	(699.7)	(715.0)	(733.1)	(746.5)	(762.5)	(779.5)	(799.6)	(815.7)	(7,421.5)
Net operating surplus	397.2	362.0	341.8	326.3	311.9	299.2	287.2	266.8	240.5	230.0	3,063.0
Debt service (LTGO & UTGO)	(135.9)	(124.4)	(119.4)	(96.1)	(95.0)	(92.5)	(91.8)	(91.5)	(74.8)	(70.9)	(992.4)
POC - principal and interest	(61.0)	(63.2)	(65.4)	(67.6)	(69.9)	(68.1)	(69.0)	(69.9)	(70.7)	(71.4)	(676.3)
POC swaps	(50.6)	(50.6)	(50.6)	(50.6)	(50.6)	(50.6)	(49.8)	(48.9)	(48.1)	(47.4)	(498.0)
Pension contributions	(199.5)	(233.1)	(258.9)	(285.9)	(314.7)	(321.4)	(331.5)	(337.2)	(339.5)	(343.0)	(2,964.8)
Health benefits - retiree	(140.7)	(151.1)	(161.6)	(172.0)	(182.3)	(192.3)	(201.9)	(212.0)	(222.6)	(233.7)	(1,870.0)
Legacy expenditures	(587.6)	(622.4)	(655.9)	(672.3)	(712.6)	(725.0)	(744.0)	(759.5)	(755.8)	(766.4)	(7,001.5)
Total expenditures	(1,273.3)	(1,306.6)	(1,355.6)	(1,387.3)	(1,445.7)	(1,471.5)	(1,506.5)	(1,539.0)	(1,555.3)	(1,582.1)	(14,423.0)
Deficit (excl. financing proceeds)	(190.5)	(260.4)	(314.1)	(346.0)	(400.7)	(425.8)	(456.8)	(492.6)	(515.3)	(536.4)	(3,938.5)
Financing proceeds	-	-	-	-	-	-	-	-	-	-	-
Total surplus (deficit)	$ (190.5)	$ (260.4)	$ (314.1)	$ (346.0)	$ (400.7)	$ (425.8)	$ (456.8)	$ (492.6)	$ (515.3)	$ (536.4)	$ (3,938.5)
Accumulated unrestricted General Fund deficit	(427.5)	(687.9)	(1,002.0)	(1,348.0)	(1,748.7)	(2,174.5)	(2,631.3)	(3,123.9)	(3,639.2)	(4,175.6)	
Reinvestment in the City											
Department revenue initiatives	$ 22.9	$ 22.1	$ 24.4	$ 24.2	$ 24.5	$ 24.7	$ 25.0	$ 25.3	$ 25.6	$ 25.9	$ 244.6
Additional operating expenditures	(53.7)	(37.0)	(21.3)	(22.0)	(21.7)	(22.7)	(29.3)	(29.3)	(29.7)	(30.7)	(297.4)
Capital investments	(107.7)	(74.5)	(38.8)	(51.9)	(33.3)	(30.8)	(28.4)	(29.5)	(28.5)	(29.0)	(452.3)
Blight (excludes heavy commercial)	(50.0)	(50.0)	(100.0)	(100.0)	(100.0)	(100.0)	-	-	-	-	(500.0)
Total reinvestment in the City	(188.5)	(139.3)	(135.7)	(149.7)	(130.5)	(128.8)	(32.8)	(33.4)	(32.6)	(33.8)	(1,005.2)
Adjusted surplus (deficit)	$ (379.0)	$ (399.7)	$ (449.8)	$ (495.6)	$ (531.2)	$ (554.6)	$ (489.6)	$ (526.1)	$ (547.9)	$ (570.2)	$ (4,943.7)
Adj. accumulated unrestricted General Fund deficit	(615.9)	(1,015.6)	(1,465.4)	(1,961.0)	(2,492.2)	(3,046.8)	(3,536.4)	(4,062.5)	(4,610.4)	(5,180.6)	

($ in millions)

	Preliminary forecast										10-year
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	total
Total revenues	$ 1,082.8	$ 1,046.2	$ 1,041.5	$ 1,041.4	$ 1,045.0	$ 1,045.7	$ 1,049.8	$ 1,046.3	$ 1,040.1	$ 1,045.7	$10,484.5
Department revenue initiatives	22.9	22.1	24.4	24.2	24.5	24.7	25.0	25.3	25.6	25.9	244.6
Operating expenditures	(685.7)	(684.1)	(699.7)	(715.0)	(733.1)	(746.5)	(762.5)	(779.5)	(799.6)	(815.7)	(7,421.5)
Additional operating expenditures	(53.7)	(37.0)	(21.3)	(22.0)	(21.7)	(22.7)	(29.3)	(29.3)	(29.7)	(30.7)	(297.4)
Net operating surplus	**$ 366.4**	**$ 347.2**	**$ 344.9**	**$ 328.5**	**$ 314.6**	**$ 301.2**	**$ 282.9**	**$ 262.9**	**$ 236.4**	**$ 225.2**	**$ 3,010.2**
Reinvestment expenditures/adjustments											
Reorganization (Capital investments & Professional fees)	(167.0)	(111.7)	(38.8)	(51.9)	(33.3)	(30.8)	(28.4)	(29.5)	(28.5)	(29.0)	(548.8)
Blight (excludes heavy commercial)	(50.0)	(50.0)	(100.0)	(100.0)	(100.0)	(100.0)	-	-	-	-	(500.0)
DC Pension contribution (10% Police/Fire, 5% other)	(25.4)	(25.7)	(26.2)	(26.6)	(27.2)	(27.7)	(28.2)	(28.7)	(29.3)	(29.9)	(274.8)
POC reimbursements	(24.1)	(25.4)	(26.2)	(26.8)	(27.5)	(27.1)	(27.3)	(27.4)	(27.4)	(27.4)	(266.7)
PLD decommission	-	(25.0)	(25.0)	(25.0)	-	-	-	-	-	-	(75.0)
Increased tax revenues	7.4	12.2	16.4	23.8	28.3	36.0	42.0	48.5	56.3	63.8	334.5
Total restructuring	(259.1)	(225.6)	(199.8)	(206.6)	(159.6)	(149.6)	(42.0)	(37.1)	(29.0)	(22.6)	(1,330.9)
Funds available for legacy liabilities	107.3	121.6	145.2	122.0	155.0	151.6	240.9	225.7	207.4	202.6	1,679.3
Payments to secured claims (Subject to further review/negotiation)											
LTGO - secured	(18.7)	(29.2)	(29.2)	(29.2)	(29.2)	(29.2)	(29.2)	(29.2)	(29.2)	(29.2)	(281.6)
UTGO - secured	(8.0)	(9.8)	(9.8)	(9.8)	(9.8)	(9.8)	(9.8)	(9.8)	(9.8)	(9.8)	(96.4)
POC swaps (1)	(50.6)	(50.6)	(50.6)	(50.6)	(50.6)	(50.6)	(49.8)	(48.9)	(48.1)	(47.4)	(498.0)
Notes/loans payable	-	-	-	-	-	-	-	-	-	-	-
Total payments to secured claims	(77.3)	(89.7)	(89.7)	(89.7)	(89.7)	(89.7)	(88.9)	(88.0)	(87.2)	(86.4)	(876.0)
Funds available for unsecured claims	$ 30.0	$ 31.9	$ 55.5	$ 32.3	$ 65.4	$ 62.0	$ 152.1	$ 137.8	$ 120.2	$ 116.2	$ 803.3
Asset monetization / revenue opportunities	tbd	tbd	tbd	tbd	tbd	tbd	tbd	tbd	tbd	tbd	-
Funds available for unsecured claims w/opportunities	$ 30.0	$ 31.9	$ 55.5	$ 32.3	$ 65.4	$ 62.0	$ 152.1	$ 137.8	$ 120.2	$ 116.2	$ 803.3

Estimated unsecured claims	
Unsecured debt	
LTGO - unsecured	$ 161.0
UTGO - unsecured	369.1
POC principal balance	1,428.8
Notes/loans payable	33.6
Sub-total: Unsecured debt	1,992.5
Unsecured pension & OPEB	
OPEB liability	5,718.3
Pension unfunded liability (PFRS)	1,437.0
Pension unfunded liability (DGRS)	2,037.0
Sub-total: Pension & OPEB	9,192.3
Other unsecured items	
Other liabilities	264.6
Other potential claims	tbd
Sub-total: Other	264.6
Estimated total unsecured claims	$11,449.4

Footnote:
(1) Assumes continued payments as scheduled. Treatment to be determined.

EXHIBIT C

Legacy Expenditures (Assuming No Restructuring)

($ in millions)	Fiscal year ended actual					Preliminary forecast				
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Legacy expenditures										
Debt service (LTGO)	$ (66.6)	$ (106.2)	$ (63.5)	$ (64.5)	$ (62.6)	$ (70.8)	$ (70.9)	$ (61.8)	$ (61.8)	$ (38.5)
Debt service (UTGO)	(67.2)	(71.5)	(72.4)	(72.8)	(73.0)	(70.6)	(64.9)	(62.5)	(57.6)	(57.6)
POC - principal and interest (GF)	(24.6)	(20.9)	(23.6)	(33.5)	(33.0)	(46.8)	(51.4)	(53.3)	(55.0)	(56.9)
POC - principal and interest (EF, excl. DDOT)	(1.8)	(1.4)	(1.5)	(1.8)	(2.0)	(5.3)	(5.9)	(6.1)	(6.4)	(6.6)
POC - principal and interest (DDOT)	(3.5)	(2.8)	(3.0)	(3.6)	(4.0)	(3.3)	(3.7)	(3.8)	(3.9)	(4.1)
POC - swaps (GF)	(38.6)	(43.9)	(44.7)	(44.7)	(44.8)	(42.9)	(42.8)	(42.8)	(42.7)	(42.7)
POC - swaps (EF, excl. DDOT)	(2.3)	(2.0)	(2.0)	(2.0)	(2.0)	(4.8)	(4.8)	(4.8)	(4.9)	(4.9)
POC - swaps (DDOT)	(4.5)	(4.0)	(4.0)	(4.0)	(4.0)	(3.0)	(3.0)	(3.0)	(3.0)	(3.0)
Pension contributions - Public Safety	(58.9)	(31.4)	(32.8)	(81.6)	(49.8)	(46.1)	(139.0)	(163.0)	(180.0)	(198.0)
Pension contributions - Non-Public Safety	(10.6)	(27.0)	(11.1)	(28.3)	(25.4)	(19.9)	(36.9)	(42.5)	(47.7)	(53.1)
Pension contributions - DDOT	(6.8)	(7.3)	(6.9)	(9.5)	(10.9)	(12.3)	(23.6)	(27.7)	(31.2)	(34.8)
Health benefits - retiree - Public Safety	(73.7)	(80.2)	(70.4)	(79.6)	(90.6)	(91.5)	(88.6)	(95.2)	(101.7)	(108.0)
Health benefits - retiree - Non-Public Safety	(47.4)	(51.6)	(50.6)	(49.0)	(49.2)	(49.7)	(38.8)	(41.5)	(44.6)	(47.7)
Health benefits - retiree - DDOT	(8.2)	(11.8)	(11.2)	(11.1)	(10.3)	(10.4)	(13.3)	(14.3)	(15.3)	(16.3)
Total legacy expenditures	$ (414.6)	$ (462.0)	$ (397.9)	$ (486.1)	$ (461.6)	$ (477.3)	$ (587.6)	$ (622.4)	$ (655.9)	$ (672.3)
Total revenues (excl. financing proceeds)	$ 1,397.7	$1,363.3	$1,291.0	$1,316.8	$1,196.9	$1,121.9	$1,082.8	$1,046.2	$1,041.5	$1,041.4
Total legacy expenditures as a % of total revenues	29.7%	33.9%	30.8%	36.9%	38.6%	42.5%	54.3%	59.5%	63.0%	64.6%

<u>EXHIBIT D</u>

Schedule of the sewage disposal system bonds and related state revolving loans as of June 30, 2012

	Bond Date	Amount Issued	Range of Interest Rates	Maturity Date	Balance June 30, 2012	Insurer	
Sewage Disposal System Revenue Bonds:							
Series 1998-A	12-14-06	$18,540,000	5.50 %	7/1/12-17	$16,440,000	MBIA	
Series 1998-A	12-14-06	49,075,000	5.25	7/1/18-23	49,075,000	MBIA	b
Series 1998-B	12-14-06	18,750,000	5.50	7/1/12-17	16,510,000	MBIA	
Series 1998-B	12-14-06	48,770,000	5.25	7/1/18-23	48,770,000	MBIA	b
Series 1999-A (* *)	12-1-99	33,510,118	0.00	7/1/12-21	69,931,075	FGIC	
Series 2001-B	9-15-01	110,550,000	5.50	7/1/23-29	110,550,000	FGIC	
Series 2001-C (1)	6-5-09	6,360,000	5.25	7/1/12-19	4,930,000	Assured Guaranty	
Series 2001-C (1)	6-5-09	148,510,000	6.50 to 7.00	7/1/20-27	148,510,000	Assured Guaranty	b
Series 2001-C (2)	5-8-08	3,275,000	3.50 to 4.00	7/1/12-18	2,305,000	FGIC/Berkshire Hathaway	
Series 2001-C (2)	5-8-08	119,630,000	4.00 to 5.25	7/1/19-29	119,630,000	FGIC/Berkshire Hathaway	b
Series 2001-D	9-23-01	92,450,000	Variable (a)	7/1/32	21,315,000	MBIA	b
Series 2001-E	5-8-08	136,150,000	5.75	7/1/24-31	136,150,000	FGIC/Berkshire Hathaway	b
Series 2003-A	5-22-03	158,000,000	3.30 to 5.00	7/1/12-13	84,125,000	Assured Guaranty	
Series 2003-A	5-22-03	441,380,000	3.50 to 5.50	7/1/14-32	128,940,000	Assured Guaranty	b
Series 2003-B	6-5-09	150,000,000	7.50	7/1/32-33	150,000,000	Assured Guaranty	b
Series 2004-A	1-09-04	101,435,000	5.00 to 5.25	7/1/12-24	74,380,000	Assured Guaranty	
Series 2005-A	3-17-05	3,765,000	3.40 to 3.70	7/1/12-15	2,495,000	MBIA	
Series 2005-A	3-17-05	269,590,000	3.75 to 5.125	7/1/16-35	236,770,000	MBIA	b
Series 2005-B	3-17-05	40,215,000	3.40 to 5.50	7/1/12-22	40,215,000	MBIA	
Series 2005-C	3-17-05	22,065,000	5.00	7/1/12-15	16,185,000	MBIA	
Series 2005-C	3-17-05	41,095,000	5.00	7/1/16-25	41,095,000	MBIA	b
Series 2006-A	5-8-08	123,655,000	5.50	7/1/34-36	123,655,000	FGIC/Berkshire Hathaway	b
Series 2006-B	8-10-06	11,850,000	4.00 to 5.00	7/1/12-16	7,960,000	FGIC	
Series 2006-B	8-10-06	238,150,000	4.25 to 5.00	7/1/17-36	238,150,000	FGIC	b
Series 2006-C	8-10-06	8,495,000	5.25	7/1/16	8,495,000	FGIC	
Series 2006-C	8-10-06	18,065,000	5.00	7/1/17-18	18,065,000	FGIC	b

	Bond Date	Amount Issued	Range of Interest Rates	Maturity Date	Balance June 30, 2012	Insurer	
Series 2006-D	12-14-06	370,000,000	Variable (a)	7/1/12-32	289,430,000	Assured Guaranty/FSA	b
Series 2012-A	6-26-12	95,445,000	5.00	7/1/14-22	95,445,000	Assured Guaranty	
Series 2012-A	6-26-12	564,335,000	5.00 to 5.50	7/1/23-39	564,335,000	Assured Guaranty	b
Total Sewage Disposal System Revenue Bonds					$2,863,856,075		

* * - Capital Appreciation Bonds
a - Interest rates are set periodically at the stated current market interest rate.
b - Indicates bonds are callable under terms specified in the indenture; all other bonds are noncallable.

	Bond Date	Amount Issued	Range of Interest Rates	Maturity Date	Balance June 30, 2012
State Revolving Loans:					
Series 1992-A-SRF	6-25-92	$ 4,360,000	2.00%	4/1/13	$ 260,000
Series 1992-B-SRF	9-10-92	1,915,000	2.00	10/1/12-13	230,000
Series 1993-B-SRF	9-30-93	6,603,996	2.00	10/1/12-14	1,150,000
Series 1997-B-SRF	9-30-97	5,430,174	2.25	10/1/12-18	2,160,000
Series 1999-SRF-1	6-24-99	21,475,000	2.50	4/1/13-20	9,880,000
Series 1999-SRF-2	9-30-99	46,000,000	2.50	10/1/12-22	28,110,000
Series 1999-SRF-3	9-30-99	31,030,000	2.50	10/1/12-20	15,890,000
Series 1999-SRF-4	9-30-99	40,655,000	2.50	10/1/12-20	20,815,000
Series 2000-SRF-1	3-30-00	44,197,995	2.50	10/1/12-22	23,947,995
Series 2000-SRF-2	9-28-00	64,401,066	2.50	10/1/12-22	39,191,066
Series 2001-SRF-1	6-28-01	82,200,000	2.50	10/1/12-24	57,965,000
Series 2001-SRF-2	12-20-01	59,850,000	2.50	10/1/12-24	42,210,000
Series 2002-SRF-1	6-27-02	18,985,000	2.50	4/1/13-23	11,590,000
Series 2002-SRF-2	6-27-02	1,545,369	2.50	4/1/13-23	935,369
Series 2002-SRF-3	12-19-02	31,549,466	2.50	10/1/12-24	20,554,466
Series 2003-SRF-1	6-28-03	48,520,000	2.50	10/1/12-25	36,415,000
Series 2003-SRF-2	9-25-03	25,055,370	2.50	4/1/13-25	17,550,370
Series 2004-SRF-1	6-24-04	2,910,000	2.125	10/1/12-24	2,025,000
Series 2004-SRF-2	6-24-04	18,353,459	2.125	4/1/13-25	12,748,459
Series 2004-SRF-3	6-24-04	12,722,575	2.125	4/1/13-25	8,832,575
Series 2007-SRF-1	9-20-07	156,687,777	1.625	10/1/12-29	142,272,777
Series 2009-SRF-1	4-17-09	22,684,557	2.50	4/1/13-30	10,164,557
Series 2010-SRF-1	1-22-10	6,793,631	2.50	4/1/13-31	3,338,631
Total State Revolving Loans Payable					$508,236,265

EXHIBIT E

Schedule of water system bonds and related state revolving loans as of June 30, 2012

	Bond Date	Amount Issued	Range of Interest Rates	Maturity Date	Balance June 30, 2012	Insurer	
Water Supply System Revenue Bonds:							
Series 1993	10-15-93	$ 38,225,000	6.50%	7/1/14-15	$ 24,725,000	FGIC	
Series 1995-B	10-15-95	60,485,000	5.55	7/1/12	8,480,000	MBIA	
Series 1997-A	8-01-97	186,220,000	6.00	7/1/14-15	13,430,000	MBIA	
Series 2001-A	5-01-01	301,165,000	5.00	7/1/29-30	73,790,000	FGIC	b
Series 2001-C	5-08-08	4,055,000	3.50 to 4.25	7/1/12-18	2,565,000	FGIC	
Series 2001-C	5-08-08	186,350,000	4.50 to 5.75	7/1/19-29	186,350,000	FGIC	b
Series 2003-A	1-28-03	234,805,000	4.50 to 5.00	7/1/19-34	178,785,000	MBIA	b
Series 2003-B	1-28-03	41,770,000	5.00	7/1/34	41,770,000	MBIA	b
Series 2003-C	1-28-03	4,335,000	Variable(a)	7/1/13-14	4,335,000	MBIA	
Series 2003-C	1-28-03	25,325,000	4.25 to 5.25	7/1/15-22	25,325,000	MBIA	b
Series 2003-D	8-14-06	3,180,000	4.00 to 4.20	7/1/12-16	1,625,000	MBIA	
Series 2003-D	8-14-06	139,575,000	4.25 to 5.00	7/1/17-33	139,575,000	MBIA	b
Series 2004-A	8-14-06	17,600,000	3.75 to 5.25	7/1/12-16	17,580,000	MBIA	
Series 2004-A	8-14-06	55,165,000	4.50 to 5.25	7/1/17-25	55,165,000	MBIA	b
Series 2004-B	8-14-06	52,840,000	4.00 to 5.00	7/1/12-16	35,740,000	MBIA	
Series 2004-B	8-14-06	100,990,000	4.25 to 5.00	7/1/17-23	100,990,000	MBIA	b
Series 2005-A	3-11-05	20,965,000	3.40 to 5.00	7/1/12-15	8,445,000	FGIC	
Series 2005-A	3-11-05	84,035,000	3.90 to 5.00	7/1/16-35	84,035,000	FGIC	b
Series 2005-B	5-08-08	19,070,000	4.00 to 5.50	7/1/12-18	15,465,000	FGIC	
Series 2005-B	5-08-08	175,830,000	4.75 to 5.50	7/1/19-35	175,830,000	FGIC	b
Series 2005-C	3-11-05	36,405,000	5.00	7/1/12-15	23,175,000	FGIC	
Series 2005-C	3-11-05	90,200,000	5.00	7/1/16-22	90,200,000	FGIC	b
Series 2006-A	8-14-06	42,795,000	5.00	7/1/13-16	26,900,000	Assured Guaranty/FSA	
Series 2006-A	8-14-06	237,205,000	5.00	7/1/17-34	237,205,000	Assured Guaranty/FSA	b
Series 2006-B	4-1-09	900,000	3.00 to 5.00	7/1/12-19	800,000	Assured Guaranty/FSA	
Series 2006-B	4-1-09	119,100,000	5.50 to 7.00	7/1/20-36	119,100,000	Assured Guaranty/FSA	b
Series 2006-C	8-14-06	12,585,000	4.00 to 5.00	7/1/12-16	10,650,000	Assured Guaranty/FSA	
Series 2006-C	8-14-06	208,060,000	5.00	7/1/17-33	208,060,000	Assured Guaranty/FSA	b

	Bond Date	Amount Issued	Range of Interest Rates	Maturity Date	Balance June 30, 2012	Insurer	
Series 2006-D	8-14-06	4,430,000	4.00 to 5.00	7/1/12-16	3,465,000	Assured Guaranty/FSA	
Series 2006-D	8-14-06	142,160,000	4.25 to 5.00	7/1/17-32	142,160,000	Assured Guaranty/FSA	b
Series 2011-A	12-22-11	37,880,000	3.00 to 5.00	7/1/12-21	37,880,000	N/A	
Series 2011-A	12-22-11	341,710,000	5.00 to 5.75	7/1/22-41	341,710,000	N/A	b
Series 2011-B	12-22-11	7,455,000	2.496 to 5.00	7/1/12-21	7,455,000	N/A	
Series 2011-B	12-22-11	9,740,000	6.00	7/1/22-33	9,740,000	N/A	b
Series 2011-C	12-22-11	3,925,000	3.00 to 5.00	7/1/12-21	3,925,000	N/A	
Series 2011-C	12-22-11	99,965,000	4.50 to 5.25	7/1/23-41	99,965,000	N/A	b
	Total Water Supply System Revenue Bonds				$2,556,395,000		
State Revolving Loans:							
Series 2005 SRF-1		9-22-05	$ 13,805,164	2.125%	10/1/12-26	$ 10,575,164	
Series 2005 SRF-2		9-22-05	8,891,730	2.125	10/1/12-26	6,621,730	
Series 2006 SRF-1		9-21-06	5,180,926	2.125	10/1/12-26	3,945,926	
Series 2008 SRF-1		9-29-08	2,590,941	2.500	10/1/12-26	1,810,941	
	Total State Revolving Loans Payable					$ 22,953,761	

a - Interest rates are set periodically at the stated current market interest rate.
b - Indicates bonds are callable under terms specified in the indenture; all other bonds are noncallable.

EXHIBIT F

Annual Debt Service on Revenue Bonds ($ in millions).

Fiscal Year	Sewage Disposal Fund		Water Fund		Parking Fund		Total Special Revenue
	Principal	Interest	Principal	Interest	Principal	Interest	
2013	76.58	123.42	33.20	120.25	1.17	0.50	**$355.12**
2014	78.39	143.45	41.46	131.24	1.22	0.44	**$396.20**
2015	86.66	140.42	53.43	129.31	1.29	0.38	**$411.49**
2016	89.28	137.53	58.75	126.49	1.35	0.31	**$413.71**
2017	91.58	134.41	61.81	123.38	1.42	0.24	**$412.84**
2018-22	503.05	621.32	353.35	568.23	4.03	0.30	**$2,050.28**
2023-27	584.93	515.60	447.03	468.72			**$2,016.28**
2028-32	733.64	380.44	555.24	344.23			**$2,013.55**
2033-37	810.06	220.48	656.86	193.56			**$1,880.96**
2037-42	338.56	35.90	318.25	51.62			**$ 744.33**
Total	$3,392.73	$2,452.97	$2,579.38	$2,257.03	$ 10.48	$ 2.17	$10,694.76

EXHIBIT G

Schedule of COPs and Swap Contracts as of June 30, 2012

	Bond Date	Amount Issued	Range of Interest Rates	Maturity Date	Balance June 30, 2012	Insurer
Pension Obligation Certificates:						
Series 2005-A	6/2/05	$ 640,000,000	4.00 to 4.95%	6/15/13-25	$ 503,365,000	FGIC/Syncora
Series 2006-A	6/12/06	148,540,000	5.989%	6/15/34-35	148,540,000	FGIC
Series 2006-B	6/12/06	800,000,000	Variable	6/15/19-34	800,000,000	FGIC/Syncora
	Total Pension Obligation Certificates				$ 1,451,905,000	

Cash-Flow Hedges, Pay-Fixed Interest Rate Swaps	Notional Amount	Effective Date	Fixed Rate Paid	Rate Received	Fair Value	Swap Termination Date	Final Maturity of Bonds
Taxable Certificate of Participation:							
SBSFPC-0009	$ 96,621,000	6/12/06	6.36%	3mth LIBOR + .34%	(57,173,124)	6/15/2034	6/15/2034
SBSFPC-0012	45,252,000	6/12/06	6.32	3mth LIBOR + .30%	(23,055,836)	6/15/2029	6/15/2029
37380341	96,621,000	6/12/06	6.36	3mth LIBOR + .34%	(57,181,711)	6/15/2034	6/15/2034
37380291	45,252,000	6/12/06	6.32	3mth LIBOR + .30%	(23,056,802)	6/15/2029	6/15/2029
SBSFPC-0010	153,801,500	6/12/06	6.35	3mth LIBOR + .34%	(91,309,463)	6/15/2034	6/15/2034
SBSFPC-0011	104,325,500	6/12/06	6.32	3mth LIBOR + .30%	(48,098,696)	6/15/2029	6/15/2029
37380313	153,801,500	6/12/06	6.35	3mth LIBOR + .34%	(91,322,376)	6/15/2034	6/15/2034
37380351	104,325,500	6/12/06	6.32	3mth LIBOR + .30%	(48,104,661)	6/15/2029	6/15/2029
Total	$ 800,000,000				(439,302,669)		

<u>**EXHIBIT H**</u>

Annual Debt Service on COPs and Swap Contracts ($ in millions)

Fiscal Year	Principal	Interest	Hedging Derivatives, Net	Total
2013	23.10	39.57	44.38	107.05
2014	29.64	38.54	44.38	112.56
2015	33.27	37.18	44.38	114.83
2016	36.96	35.65	44.38	116.99
2017	40.96	33.87	44.38	119.21
2018-22	242.83	140.50	217.21	600.54
2023-27	311.24	88.33	198.83	598.40
2028-32	416.31	61.83	118.89	597.03
2033-35	317.59	26.44	13.23	357.26
Total	**1,451.90**	**501.91**	**770.06**	**2,723.87**

EXHIBIT I

Schedule of UTGO Bonds as of June 30, 2012

	Bond Date	Amount Issued	Range of Interest Rates	Maturity Date	Balance June 30, 2012	Insurer	
Governmental Activities							
General Obligation Bonds - Unlimited Tax:							
Series 1999-A	4-1-99	$28,020,000	5.00 to 5.25%	4/1/13-19	$21,040,000	Assured Guaranty	b
Series 2001-A(1)	7-15-01	83,200,000	5.0 to 5.375	4/1/13-21	80,400,000	MBIA	b
Series 2001-B	7-15-01	23,235,000	5.375	4/1/13-14	13,680,000	MBIA	b
Series 2002	8-2-02	29,205,000	4.00 to 5.13	4/1/13-22	6,645,000	MBIA	b
Series 2003-A	10-21-03	9,640,000	3.70 to 5.00	4/1/2013	2,575,000	Syncora	
Series 2003-A	10-21-03	34,380,000	4.00 to 5.25	4/1/14-23	34,380,000	Syncora	b
Series 2004-A(1)	9-9-04	39,270,000	4.25 to 5.25	4/1/19-24	39,270,000	Ambac	b
Series 2004-B(1)	9-9-04	23,720,000	3.75 to 5.00	4/1/13-14	16,175,000	Ambac	
Series 2004-B(1)	9-9-04	29,365,000	4.0 to 5.25	4/1/15-18	29,365,000	Ambac	b
Series 2004-B(2)	9-9-04	17,270,000	4.16 to 5.24	4/1/13-18	865,000	Ambac	
Series 2005-B	12-1-05	13,840,000	4.00 to 5.00	4/1/13-16	8,955,000	Assured Guaranty	
Series 2005-B	12-1-05	37,920,000	4.30 to 5.00	4/1/17-25	37,920,000	Assured Guaranty	b
Series 2005-C	12-1-05	20,010,000	4.00 to 5.00	4/1/13-16	12,230,000	Assured Guaranty	a
Series 2005-C	12-1-05	10,795,000	4.30 to 5.25	4/1/17-20	10,795,000	Assured Guaranty	b
Series 2008-A	6-9-08	15,120,000	5.00	4/1/14-18	15,120,000	Assured Guaranty	
Series 2008-A	6-9-08	43,510,000	4.00 to 5.00	4/1/19-28	43,510,000	Assured Guaranty	b
Series 2008-B(1)	6-9-08	66,475,000	5.00	4/1/13-18	37,905,000	Assured Guaranty	
Series 2010-E	12-16-10	100,000,000	5.129 to 8.369	11/1/14-35	100,000,000	N/A	
Total General Obligation Bonds - Unlimited Tax					$510,830,000		

a - Indicates interest rates are reset periodically at the stated market interest rates.
b - Indicates bonds are callable under terms specified in the indenture; all other bonds are noncallable.

<u>**EXHIBIT J**</u>

Schedule of LTGO Bonds as of June 30, 2012

	Bond Date	Amount Issued	Range of Interest Rates	Maturity Date	Balance June 30, 2012	Insurer	
Governmental Activities							
General Obligation Bonds - Limited Tax:							
Self-Insurance Bonds:							
Series 2003	10-2-03	$98,895,000	4.32 to 4.97%	5/1/2013	$17,770,000	Assured Guaranty	
Series 2004	9-9-04	62,285,000	4.16 to 4.85	4/1/13-14	25,405,000	Ambac	
General Obligation:							
Series 2005-A(1)	6-24-05	21,325,000	4.27 to 4.53	4/1/13-15	11,320,000	Ambac	
Series 2005-A(1)	6-24-05	52,175,000	4.61 to 5.15	4/1/16-25	52,175,000	Ambac	b
Series 2005-A(2)	6-24-05	4,055,000	3.50 to 4.50	4/1/12-15	2,145,000	Ambac	
Series 2005-A(2)	6-24-05	9,475,000	4.00 to 5.00	4/1/16-25	9,475,000	Ambac	b
Series 2005-B	6-24-05	4,845,000	3.50 to 5.00	4/1/13-15	2,835,000	Ambac	
Series 2005-B	6-24-05	6,940,000	5.00	4/1/16-21	6,940,000	Ambac	b
Series 2008-A(1)	6-9-08	43,443,278	5.00	4/1/13-16	43,443,278	N/A	
Series 2008-A(2)	6-9-08	25,000,000	8.00	4/1/2014	25,000,000	N/A	
Distributable State Aid 2010	3-18-10	249,790,000	4.25 to 5.25	11/1/14-35	249,790,000	N/A	
Total General Obligation Bonds - Limited Tax					446,298,278		

b - Indicates bonds are callable under terms specified in the indenture; all other bonds are noncallable.

EXHIBIT K

Annual Debt Service on General Obligation Debt & Other Liabilities ($ in millions)

Fiscal Year	General Obligation Bonds		Notes and Loans Payable		Transportation Fund Liabilities		Total
	Principal	Interest	Principal	Interest	Principal	Interest	
2013	$82.71	$51.81	$1.56	$3.85	$0.81	$0.31	**$141.07**
2014	$81.63	$47.73	$3.25	$3.76	$0.00	$0.27	**$136.64**
2015	$68.36	$42.72	$3.38	$3.62	$2.66	$0.27	**$121.02**
2016	$66.87	$39.27	$3.65	$3.46	$2.80	$0.14	**$116.19**
2017	$49.89	$35.87	$6.09	$3.24	$0.00	$0.00	**$95.10**
2018-22	$254.12	$139.73	$31.33	$12.03	$0.00	$0.00	**$437.21**
2023-27	$150.59	$81.99	$30.46	$4.61	$0.00	$0.00	**$267.65**
2028-32	$101.54	$47.46	$10.26	$0.24	$0.00	$0.00	**$159.50**
2033-37	$101.43	$13.26	$33.60	$0.00	$0.00	$0.00	**$148.29**
Total	**$957.13**	**$499.84**	**$123.60**	**$34.83**	**$6.27**	**$1.00**	**$1,622.67**

- Figures above do NOT include $129.5 million in general fund refunding bonds issued in FY 2013, which have increased outstanding debt balance further from FY 2012 balances.